



## RADICAL ADMINISTRATION MEDICAID PROPOSAL THREATENS NEARLY 40 YEARS OF HEALTH CARE PROGRESS FOR LOW-INCOME CHILDREN

*The Bush Administration's 2004 Budget includes a radical proposal that gives states unprecedented latitude to scale back coverage of necessary health care for children and to impose substantial cost-sharing requirements that could restrict children's access to needed health care. This proposal would put at risk one in three of the nearly 30 million children getting health care in Medicaid and the Children's Health Insurance Program (CHIP). The Bush budget fails to adequately address the health care needs of the 9.2 million children who still have no health insurance and the proposals could actually add to the number of uninsured children if states ultimately decide to shift funds away from children or impose unaffordable cost-sharing on families. Finally, the Bush Administration fails to restore \$1.2 billion in CHIP funds that expired from the program at the end of the 2002 fiscal year – a decision that may force some states to drop coverage for some children because of inadequate CHIP resources in future years.*

- **The Medicaid and CHIP proposal threatens to unravel a key part of the safety net that assures low-income children a healthy start in life.** Medicaid assures eligible children the healthy start they deserve. States are mandated to serve all poor children – a mandate that will continue – and in addition are currently guaranteed federal help if they decide to extend health care to additional low-income children. This assurance of early preventive investments and comprehensive health and mental health services for children with disabilities helps to prevent the need for more costly care in the future and serves as a safety net for the children.
- **Children are being used to help solve a fiscal crisis that they did not cause.** Although children's health care costs are far less than those of others on Medicaid, the proposed Bush block grant will include both a portion of Medicaid's dollars for children and the entire investment in the Children's Health Insurance Program. Millions of children will then be left to compete with older people and persons with disabilities for scarce dollars. While children are more than half of the Medicaid enrollees, they account for less than a quarter of Medicaid spending. The average per child Medicaid cost of \$1,590 (which includes the costs of children who are severely disabled) is no more than one-sixth the average per person cost of Medicaid for older Americans (\$10,312) or persons who are disabled (\$9,732).
- **Some children will be at risk of losing comprehensive health and mental health services and basic protections, as dollars are stretched, giving less help to more children and adults.** Medical services for children in Medicaid, and some CHIP children, must include well-child and well-baby care, immunizations, screenings for hearing, vision, and dental care, as well as all medically necessary treatment for any illnesses, injuries, or disabilities identified in children. Some of the CHIP children receive a more limited package of benefits. Comprehensive quality services are essential for many children, especially those with disabilities and other special health or mental

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health needs. Cutting back on some to help more will place many children squarely in harm's way and certainly end up costing more in the future.

- **New cost-sharing requirements could make it more difficult for low-income families to afford continued coverage for their children.** Children currently are exempt from cost-sharing in the Medicaid program, and families with children receiving coverage through CHIP generally have modest premium and co-payment obligations, making it affordable for parents to access critical health services for their children, some whom have severe disabilities. Although the Administration claims that it will continue to protect comprehensive health care for the poorest children, health insurance for children in low-income working families will be at risk. Young children in families of three with incomes of \$20,000 or more and school-age children in families with even lower incomes, for example, will no longer be guaranteed comprehensive health care as they currently are in virtually every state. Which children get the health care they need will likely depend on whether they live in a state that chooses to continue to cover the services they need. CHIP children from families with incomes under \$30,000 will also be affected since many states chose the comprehensive Medicaid benefits package and these packages may be scaled back. Nearly 1.5 million children with severe health care needs who qualify for Medicaid because of their significant medical expenses may also be in jeopardy of losing coverage of needed services.
- **The Bush Administration proposal will pit children against older Americans, persons with disabilities, and other uninsured adults.** The Bush proposal to radically restructure Medicaid and CHIP creates a short-term financial incentive for states to blend their Medicaid and CHIP funds into a capped pool of money with which they must provide health care for children, seniors, disabled people, and uninsured adults. All these vulnerable populations then will be competing for limited dollars. Although a modest increase in funding is requested, the initial years of the block grant funding is then projected to decrease in future years. States faced with a limited pot will certainly be in trouble if medical costs continue to rise and more families are in need of help with health care in difficult economic times. Although it is impossible to know how they will cope, states could be forced to cut covered services, increase costs imposed on the low-income people enrolled in the programs, limit enrollment, or reduce eligibility for the programs. CHIP funds could also be diverted from health coverage for uninsured children to services or coverage for other groups, (such as adults without children - a diversion of CHIP funds the Bush Administration has already approved of for one state based on an inexplicable assertion that this will help enroll more children in CHIP).
- **Despite the President's commitment in his recent State of the Union address to "high quality, affordable health care for all Americans," the budget proposal fails to adequately meet the needs of the more than 9 million uninsured children in the country – nearly two-thirds of whom are eligible for Medicaid or CHIP.** Instead of offering a vision and the necessary funding to reduce the number of uninsured children in America, the President is setting their needs aside. He makes no assurance that his proposals will give more children quality health care. In fact his proposals could jeopardize the quality care that millions of children are now receiving and may even result in more children being added to the rolls of the uninsured. By eliminating an assurance of comprehensive health care for many children and key protections to ensure access to care, the Bush proposal radically undermines gains made by Medicaid and CHIP in helping to reduce the number of uninsured children and providing affordable access to the health care children need.